



First Union Rail Corporation
NC5811
Commercial Leasing Group
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018
Tel 847 318-7575
847 318-7588

VIA UPS 2nd DAY AIR

January 24, 2003

RECORDATION NO. 24305 FILED

JAN 29 '03

1-51 PM

SURFACE TRANSPORTATION BOARD

RECEIVED
JAN 29 2003
MAIL
MANAGEMENT
STB

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals and one (1) copy of a Memorandum of Lease Agreement, dated January 3, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: American Railroads Corporation
22 East Dundee Road
Suite 22
Barrington, IL 60010

A description of the railroad equipment covered by the enclosed document is two (2) 1980 built EMD SD40-2 and three (3) GP40M-3R Locomotives (see Exhibit A for locomotive numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,

Amy Carone
Manager of Documentation

Enclosures

(MIVA001)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 3rd day of January, 2003, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and American Railroad Corporation ("Lessee"), an Illinois corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of January 3, 2003, whereby Lessor has agreed to lease to Lessee certain locomotives pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of August 18, 2002 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour
Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing
Title: _____

By: Amy Carone
Name: AMY CARONE

Title: Manager of Documentation Executed on this 8th day of January, 2003.

[CORPORATE SEAL]

RECORDATION NO. 24305 FILED

STATE OF ILLINOIS

JAN 29 '03

1:51 PM

COUNTY OF COOK

SURFACE TRANSPORTATION BOARD

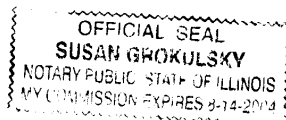
I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 8th day of January, 2003.

Susan Grokulsky
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

AMERICAN RAILROAD CORPORATION

By: *Richard C. McClure*

Name: *Richard C. McClure*

Title: *President + CEO*

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this *3rd* day of *January*, ~~2002~~ *2003*

[CORPORATE SEAL]

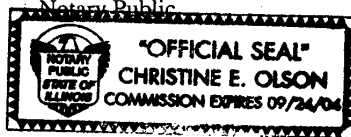
STATE OF *Illinois*

COUNTY OF *Cook*

I, *Christine E. Olson*, a Notary Public of the County and State
aforesaid, certify that *Richard C. McClure* personally appeared before me this day
and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this *3rd* day of *January*, 200*3*.

Christine E. Olson
Notary Public



Commission Expires:

9-24-04
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF LOCOMOTIVES:	Five (5)
DESCRIPTION OF LOCOMOTIVES:	Two (2) 1980 built, EMD SD40-2 Locomotives, 3000 horsepower Three (3) GP40M-3R Locomotives
LOCOMOTIVE NUMBERS:	BNSF 7223, 7226 to be restenciled, and FURX 1161, 1165, 1170